{deleted text} shows text that was in SB0059S02 but was deleted in SB0059S04.

inserted text shows text that was not in SB0059S02 but was inserted into SB0059S04.

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

Senator Daniel McCay Representative Casey Snider proposes the following substitute bill:

TAX AMENDMENTS

2022 GENERAL SESSION STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: { <u>Casey Snider</u>

Cosponsors: Wayne A. Harper Scott D. Sandall J. Stuart Adams David P. Hinkins Jerry W. Stevenson Jacob L. Anderegg Don L. Ipson Daniel W. Thatcher Curtis S. Bramble John D. Johnson Evan J. Vickers David G. Buxton Michael S. Kennedy Todd D. Weiler Kirk A. Cullimore Michael K. McKell Chris H. Wilson Lincoln Fillmore Ann Millner Ronald M. Winterton Keith Grover Derrin R. Owens

LONG TITLE

General Description:

This bill modifies <u>income</u> tax provisions.

Highlighted Provisions:

This bill:

- exempts supplies used in the course of business from personal property tax;
- amends the corporate franchise and income tax rates;
 - amends the individual income tax rate;
 - {exempts certain tangible personal property consumed in the performance of a taxable service from sales and use tax; and
 - exempts certain tangible personal property used or consumed in the production or
 development of taxable computer software from sales and use tax} expands
 eligibility for the social security benefits tax credit by increasing the threshold for
 the income-based phaseout; and
 - <u>enacts a state earned income tax credit and provides for apportionment of that credit.</u>

Money Appropriated in this Bill:

None

Other Special Clauses:

- This bill provides a special effective date.
- † This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

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59-2-1115, as last amended by Laws of Utah 2021, Chapter 388
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59-7-104, as last amended by Laws of Utah 2020, Chapter 354

59-7-201, as last amended by Laws of Utah 2018, Chapter 456

59-10-104, as last amended by Laws of Utah 2018, Chapter 456

 $\frac{59-12-104}{59-10-1002.2}$, as last amended by Laws of Utah 2021, Chapters $\frac{280 \text{ and}}{367}$

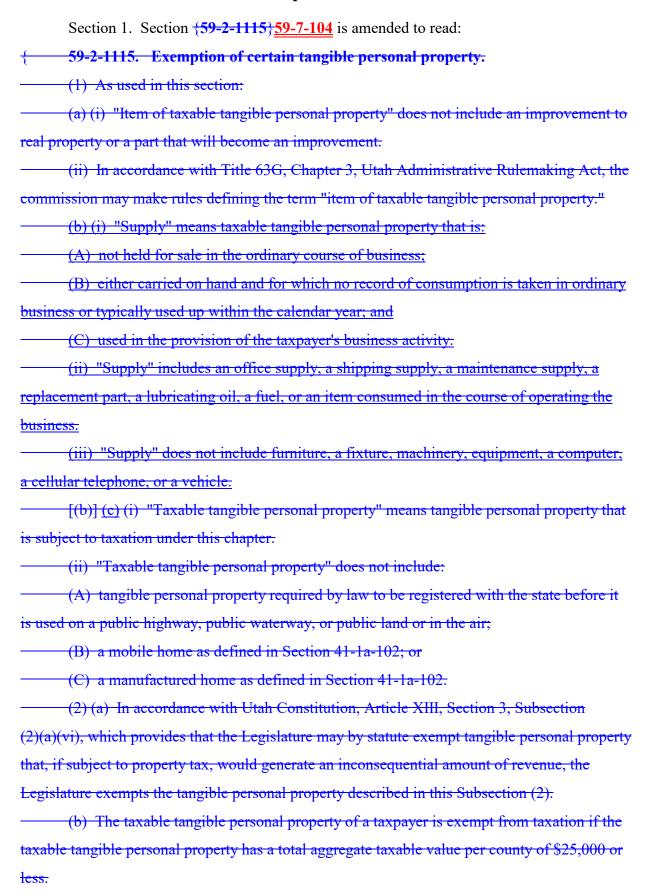
+68 and 428

59-10-1042, as enacted by Laws of Utah 2021, Chapter 428

ENACTS:

59-10-1044, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:



(c) For an item of taxable tangible personal property that is not exempt under Subsection (2)(b), the item is exempt from taxation if: (i) the item is owned by a business and is not critical to the actual business operation of the business; and (ii) the acquisition cost of the item is less than \$500. (d) A supply, including the cost of freight-in, is exempt from taxation. (3) (a) For a calendar year beginning on or after January 1, 2023, the commission shall increase the dollar amount described in Subsection (2)(b): (i) by a percentage equal to the percentage difference between the consumer price index for the preceding calendar year and the consumer price index for calendar year 2021; and (ii) up to the nearest \$100 increment. (b) For purposes of this Subsection (3), the commission shall calculate the consumer price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code. (c) If the percentage difference under Subsection (3)(a)(i) is zero or a negative percentage, the consumer price index increase for the year is zero. (4) (a) For the first calendar year in which a taxpayer qualifies for an exemption described in Subsection (2)(b), a county assessor may require the taxpayer to file a signed statement described in Section 59-2-306. (b) Notwithstanding Section 59-2-306 and subject to Subsection (5), for a calendar year in which a taxpayer qualifies for an exemption described in Subsection (2)(b) after the calendar year described in Subsection (4)(a), a signed statement described in Section 59-2-306 with respect to the taxable tangible personal property that is exempt under Subsection (2)(b) may only require the taxpayer to certify, under penalty of perjury, that the taxpayer qualifies for the exemption under Subsection (2)(b). (c) If a taxpayer qualifies for an exemption described in Subsection (2)(b) for five consecutive years and files a signed statement for each of those years in accordance with Section 59-2-306 and Subsection (4)(b), a county assessor may not require the taxpayer to file a signed statement for each continuing consecutive year for which the taxpayer qualifies for the exemption. (d) If a taxpayer qualifies for an exemption described in Subsection (2)(c) for an item

of tangible taxable personal property or in Subsection (2)(d) for a supply, a county assessor

may not require the taxpayer to include the item on a signed statement described in Section 59-2-306.

- (5) A signed statement with respect to qualifying exempt primary residential rental personal property is as provided in Section 59-2-103.5.
- (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules to administer this section and provide for uniform implementation.

Section 2. Section 59-7-104 is amended to read:

† 59-7-104. Tax -- Minimum tax.

- (1) Each domestic and foreign corporation, except a corporation that is exempt under Section 59-7-102, shall pay an annual tax to the state based on the corporation's Utah taxable income for the taxable year for the privilege of exercising the corporation's corporate franchise or for the privilege of doing business in the state.
 - (2) The tax shall be [4.95%] 4.85% of a corporation's Utah taxable income.
 - (3) The minimum tax a corporation shall pay under this chapter is \$100.

Section $\frac{3}{2}$. Section 59-7-201 is amended to read:

59-7-201. Tax -- Minimum tax.

- (1) There is imposed upon each corporation, except a corporation that is exempt under Section 59-7-102, a tax upon the corporation's Utah taxable income for the taxable year that is derived from sources within this state other than income for any period that the corporation is required to include in the corporation's tax base under Section 59-7-104.
- (2) The tax imposed by Subsection (1) shall be [4.95%] 4.85% of a corporation's Utah taxable income.
 - (3) In no case shall the tax be less than \$100.

Section $\frac{4+3}{2}$. Section 59-10-104 is amended to read:

59-10-104. Tax basis -- Tax rate -- Exemption.

- (1) A tax is imposed on the state taxable income of a resident individual as provided in this section.
- (2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the product of:
 - (a) the resident individual's state taxable income for that taxable year; and

- (b) [4.95%] 4.85%.
- (3) This section does not apply to a resident individual exempt from taxation under Section 59-10-104.1.

Section 4. Section **59-10-1002.2** is amended to read:

59-10-1002.2. Apportionment of tax credits.

- (1) A nonresident individual or a part-year resident individual that claims a tax credit in accordance with Section 59-10-1017, 59-10-1018, 59-10-1019, 59-10-1022, 59-10-1023, 59-10-1024, 59-10-1028, 59-10-1042, [or] 59-10-1043, or {59-10-1043}59-10-1044 may only claim an apportioned amount of the tax credit equal to:
 - (a) for a nonresident individual, the product of:
 - (i) the state income tax percentage for the nonresident individual; and
- (ii) the amount of the tax credit that the nonresident individual would have been allowed to claim but for the apportionment requirements of this section; or
 - (b) for a part-year resident individual, the product of:
 - (i) the state income tax percentage for the part-year resident individual; and
- (ii) the amount of the tax credit that the part-year resident individual would have been allowed to claim but for the apportionment requirements of this section.
- (2) A nonresident estate or trust that claims a tax credit in accordance with Section 59-10-1017, 59-10-1020, 59-10-1022, 59-10-1024, or 59-10-1028 may only claim an apportioned amount of the tax credit equal to the product of:
 - (a) the state income tax percentage for the nonresident estate or trust; and
- (b) the amount of the tax credit that the nonresident estate or trust would have been allowed to claim but for the apportionment requirements of this section.

Section 5. Section **59-10-1042** is amended to read:

59-10-1042. Nonrefundable tax credit for social security benefits.

- (1) As used in this section:
- (a) "Head of household filing status" means the same as that term is defined in Section 59-10-1018.
 - (b) "Joint filing status" means the same as that term is defined in Section 59-10-1018.
 - (c) "Married filing separately status" means a married individual who:
 - (i) does not file a single federal individual income tax return jointly with that married

individual's spouse for the taxable year; and

- (ii) files a single federal individual income tax return for the taxable year.
- (d) "Modified adjusted gross income" means the sum of the following for a claimant or, if the claimant's return under this chapter is allowed a joint filing status, the claimant and the claimant's spouse:
- (i) adjusted gross income for the taxable year for which a tax credit is claimed under this section;
- (ii) any interest income that is not included in adjusted gross income for the taxable year described in Subsection (1)(d)(i); and
- (iii) any addition to adjusted gross income required by Section 59-10-114 for the taxable year described in Subsection (1)(d)(i).
- (e) "Single filing status" means a single individual who files a single federal individual income tax return for the taxable year.
- (f) "Social security benefit" means an amount received by a claimant as a monthly benefit in accordance with the Social Security Act, 42 U.S.C. Sec. 401 et seq.
- (2) Except as provided in Section 59-10-1002.2 and Subsections (3) and (4), each claimant on a return that receives a social security benefit may claim a nonrefundable tax credit against taxes otherwise due under this part equal to the product of:
 - (a) the percentage listed in Subsection 59-10-104(2); and
- (b) the claimant's social security benefit that is included in adjusted gross income on the claimant's federal income tax return for the taxable year.
 - (3) (a) A claimant may not:
- (i) carry forward or carry back the amount of a tax credit under this section that exceeds the claimant's tax liability for the taxable year; or
 - (ii) claim a tax credit under this section and a tax credit under Section 59-10-1019.
- (b) A claimant that qualifies for a tax credit under this section and a tax credit under Section 59-10-1019 may elect whether to claim a tax credit under this section or a tax credit under Section 59-10-1019.
- (4) The tax credit allowed by Subsection (2) claimed on a return filed under this part shall be reduced by \$.025 for each dollar by which modified adjusted gross income for purposes of the return exceeds:

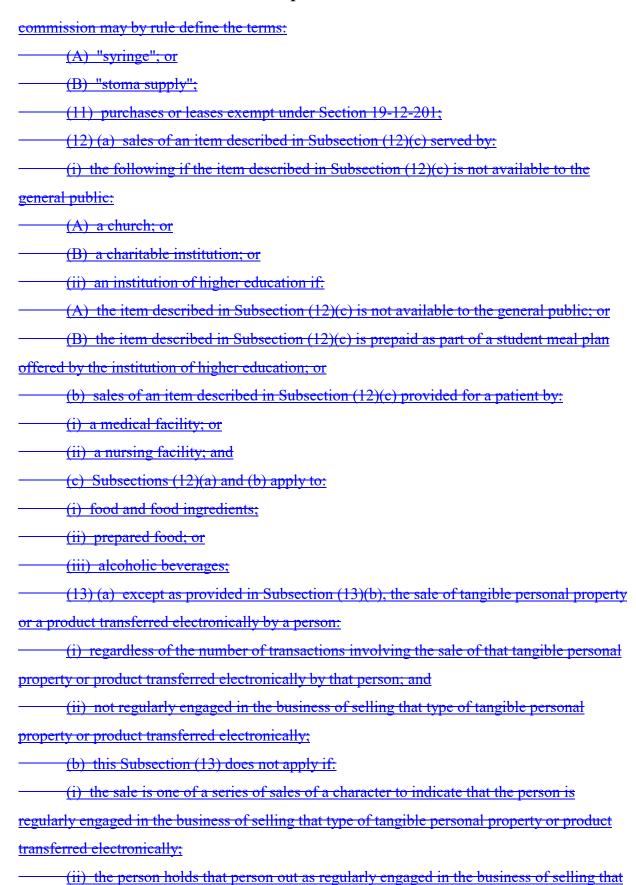
- (a) for a federal individual income tax return that is allowed a married filing separately status, [\$25,000] \$31,000;
- (b) for a federal individual income tax return that is allowed a single filing status, [\$30,000] \$37,000;
- (c) for a federal individual income tax return that is allowed a head of household filing status, [\$50,000] \$62,000; or
- (d) for a return under this chapter that is allowed a joint filing status, [\$50,000] \$62,000.
- (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules governing the calculation and method for claiming the tax credit described in this section.

Section $\frac{\{5\}\underline{6}}{\underline{6}}$. Section $\frac{\{59-12-104\}\underline{59-10-1044}}{\underline{59-12-104}}$ is $\frac{\{59-12-104\}\underline{59-10-1044}, \{-104\}\underline{69-10-1044}, \{-104\}\underline{69-1044}, \{-104\}\underline{69$

- **Exemptions from the taxes imposed by this chapter are as follows:**
- (1) sales of aviation fuel, motor fuel, and special fuel subject to a Utah state excise tax under Chapter 13, Motor and Special Fuel Tax Act;
 - (2) subject Nonrefundable earned income tax credit.
 - (1) As used in this section:
- (a) "Federal earned income tax credit" means the federal earned income tax credit described in Section 32, Internal Revenue Code.
- (b) "Qualifying claimant" means a resident or nonresident individual who qualifies and claims the federal earned income tax credit for the current taxable year.
- (2) Subject to Section {59-12-104.6, sales to the state, its institutions, and its political subdivisions; however, this exemption does not apply to sales of:
 - (a) construction materials except:
- (i) construction materials purchased by or on behalf of institutions of the public education system as defined in Utah Constitution, Article X, Section 2, provided the construction materials are clearly identified and segregated and installed or converted to real property which is owned by institutions of the public education system; and
- (ii) construction materials purchased by the state, its institutions, or its political subdivisions which are installed or converted to real property by employees of the state, its

institutions, or its political subdivisions; or (b) tangible personal property in connection with the construction, operation, maintenance, repair, or replacement of a project, as defined in Section 11-13-103, or facilities providing additional project capacity, as defined in Section 11-13-103; (3) (a) sales of an item described in Subsection (3)(b) from a vending machine if: (i) the proceeds of each sale do not exceed \$1; and (ii) the seller or operator of the vending machine reports an amount equal to 150% of the cost of the item described in Subsection (3)(b) as goods consumed; and (b) Subsection (3)(a) applies to: (i) food and food ingredients; or (ii) prepared food; (4) (a) sales of the following to a commercial airline carrier for in-flight consumption: (i) alcoholic beverages; (ii) food and food ingredients; or (iii) prepared food; (b) sales of tangible personal property or a product transferred electronically: (i) to a passenger; (ii) by a commercial airline carrier; and (iii) during a flight for in-flight consumption or in-flight use by the passenger; or (c) services related to Subsection (4)(a) or (b); (5) sales of parts and equipment for installation in an aircraft operated by a common carrier in interstate or foreign commerce; (6) sales of commercials, motion picture films, prerecorded audio program tapes or records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture exhibitor, distributor, or commercial television or radio broadcaster; (7) (a) except as provided in Subsection (85) and subject to Subsection (7)(b), sales of cleaning or washing of tangible personal property if the cleaning or washing of the tangible personal property is not assisted cleaning or washing of tangible personal property; (b) if a seller that sells at the same business location assisted cleaning or washing of tangible personal property and cleaning or washing of tangible personal property that is not assisted cleaning or washing of tangible personal property, the exemption described in

Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning or washing of the tangible personal property; and (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules: (i) governing the circumstances under which sales are at the same business location; and (ii) establishing the procedures and requirements for a seller to separately account for sales of assisted cleaning or washing of tangible personal property; (8) sales made to or by religious or charitable institutions in the conduct of their regular religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are fulfilled; (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of this state if the vehicle is: (a) not registered in this state; and (b) (i) not used in this state; or (ii) used in this state: (A) if the vehicle is not used to conduct business, for a time period that does not exceed the longer of: (I) 30 days in any calendar year; or (II) the time period necessary to transport the vehicle to the borders of this state; or (B) if the vehicle is used to conduct business, for the time period necessary to transport the vehicle to the borders of this state; (10) (a) amounts paid for an item described in Subsection (10)(b) if: (i) the item is intended for human use; and (ii) (A) a prescription was issued for the item; or (B) the item was purchased by a hospital or other medical facility; and (b) (i) Subsection (10)(a) applies to: (A) a drug; (B) a syringe; or (C) a stoma supply; and (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

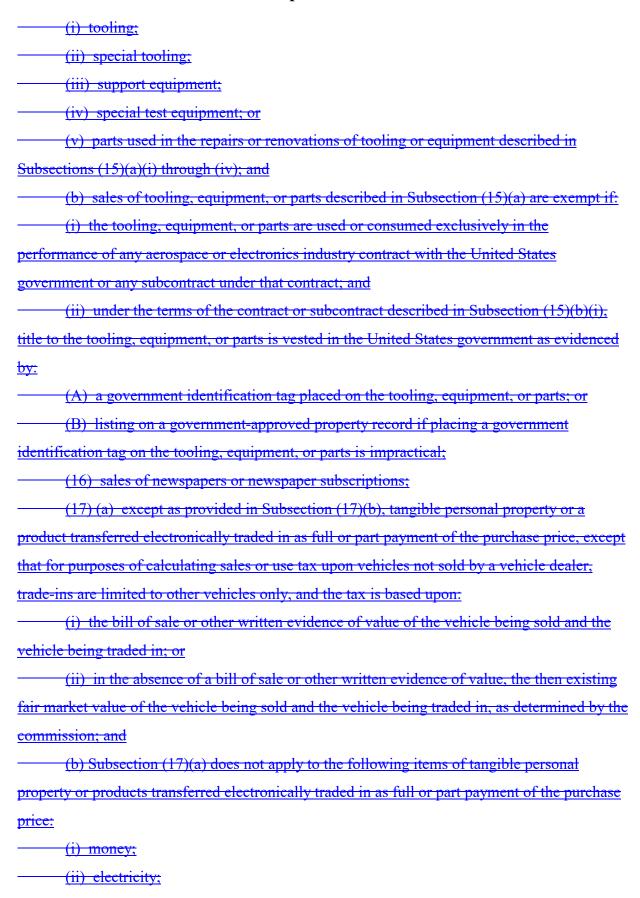


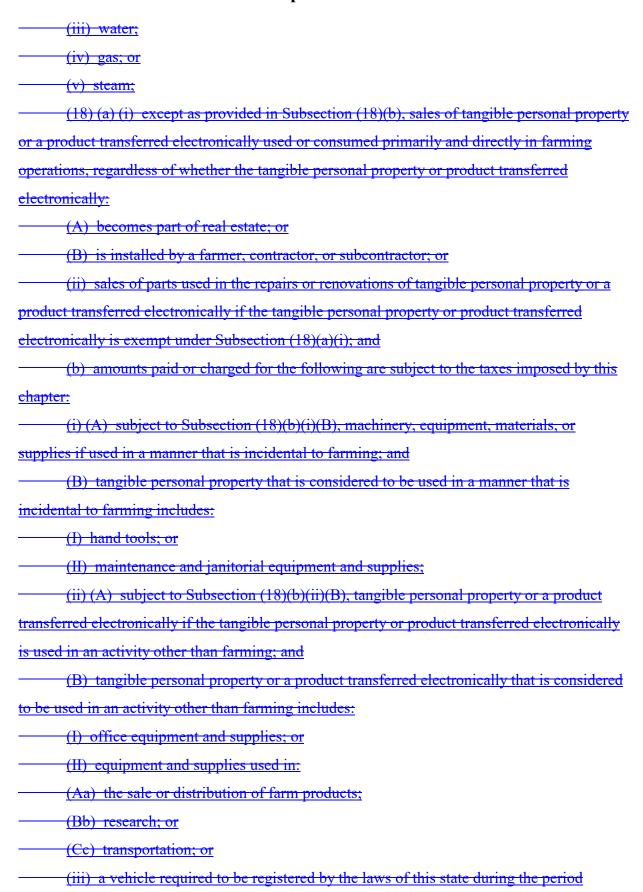
type of tangible personal property or product transferred electronically; (iii) the person sells an item of tangible personal property or product transferred electronically that the person purchased as a sale that is exempt under Subsection (25); or (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of this state in which case the tax is based upon: (A) the bill of sale or other written evidence of value of the vehicle or vessel being sold; or (B) in the absence of a bill of sale or other written evidence of value, the fair market value of the vehicle or vessel being sold at the time of the sale as determined by the commission; and (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission shall make rules establishing the circumstances under which: (i) a person is regularly engaged in the business of selling a type of tangible personal property or product transferred electronically; (ii) a sale of tangible personal property or a product transferred electronically is one of a series of sales of a character to indicate that a person is regularly engaged in the business of selling that type of tangible personal property or product transferred electronically; or (iii) a person holds that person out as regularly engaged in the business of selling a type of tangible personal property or product transferred electronically; (14) amounts paid or charged for a purchase or lease of machinery, equipment, normal operating repair or replacement parts, or materials, except for office equipment or office supplies, by: (a) a manufacturing facility that: (i) is located in the state; and (ii) uses or consumes the machinery, equipment, normal operating repair or replacement parts, or materials: (A) in the manufacturing process to manufacture an item sold as tangible personal property, as the commission may define that phrase in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; or (B) for a scrap recycler, to process an item sold as tangible personal property, as the

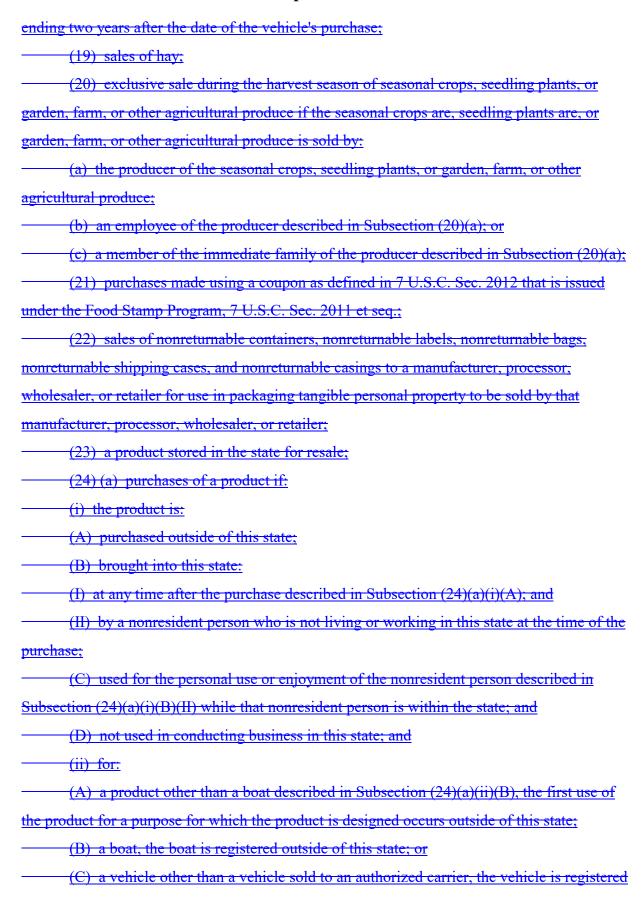
commission may define that phrase in accordance with Title 63G, Chapter 3, Utah

Administrative Rulemaking Act; (b) an establishment, as the commission defines that term in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that: (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS Code 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the 2002 North American Industry Classification System \ 59-10-1002.2, a qualifying claimant may claim a nonrefundable earned income tax credit equal to 15% of the amount of the federal Executive Office of the President, Office of Management and Budget; (ii) is located in the state; and (iii) uses or consumes the machinery, equipment, normal operating repair or replacement parts, or materials in: (A) the production process to produce an item sold as tangible personal property, as the commission may define that phrase in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; (B) research and development, as the commission may define that phrase in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; (C) transporting, storing, or managing tailings, overburden, or similar waste materials produced from mining; (D) developing or maintaining a road, tunnel, excavation, or similar feature used in mining; or (E) preventing, controlling, or reducing dust or other pollutants from mining; or (c) an establishment, as the commission defines that term in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that: (i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget; (ii) is located in the state; and (iii) uses or consumes the machinery, equipment, normal operating repair or replacement parts, or materials in the operation of the web search portal;

(15) (a) sales of the following if the requirements of Subsection (15)(b) are met:

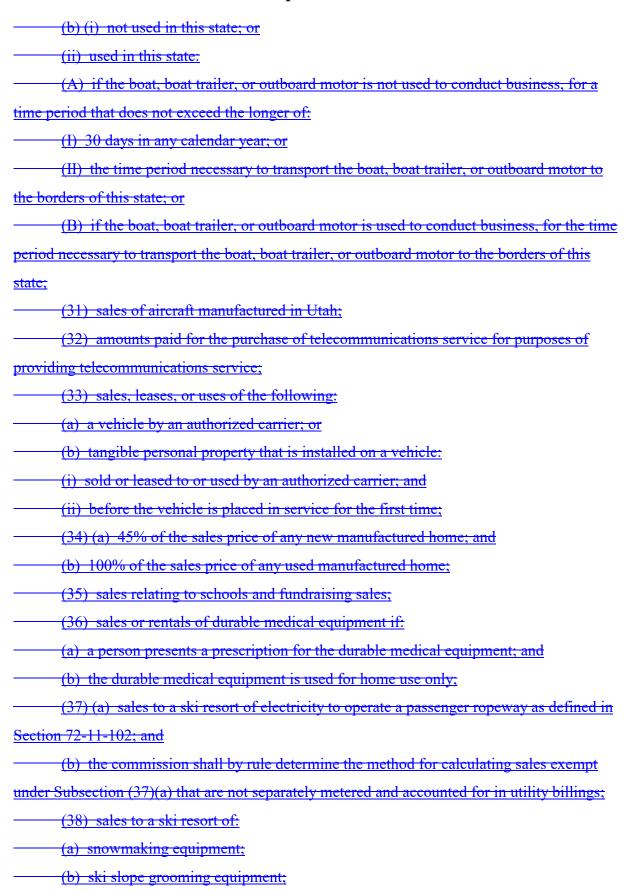


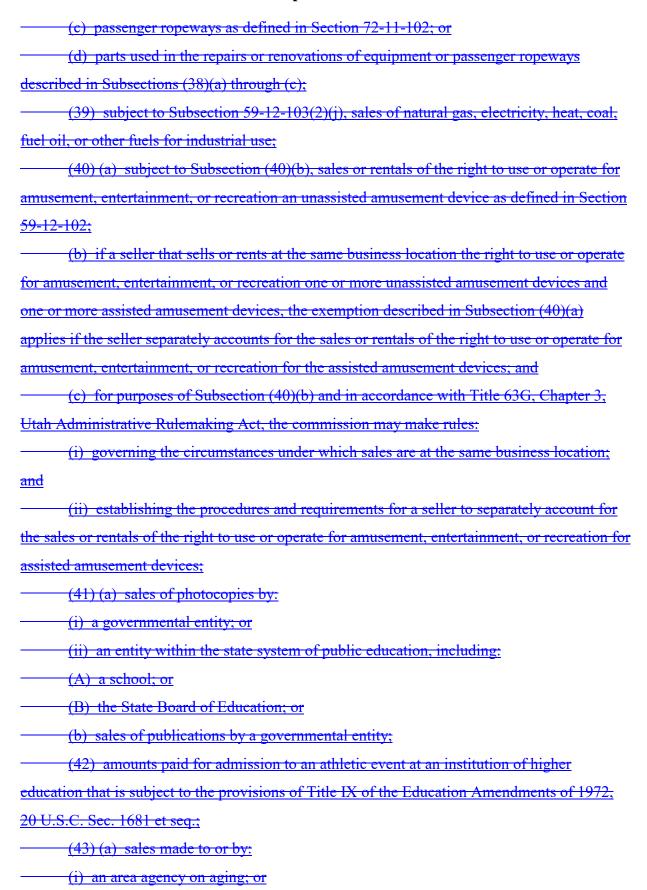


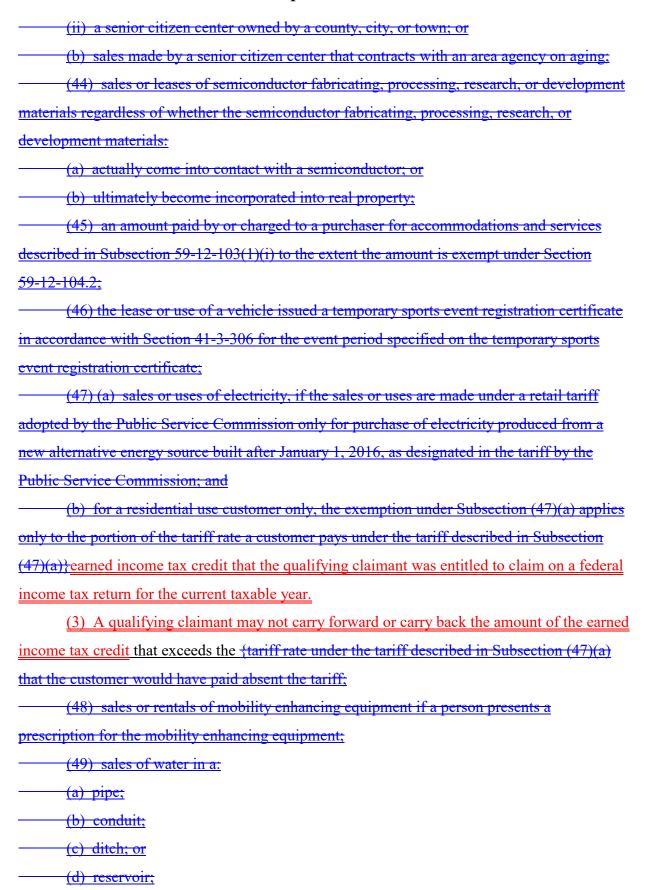


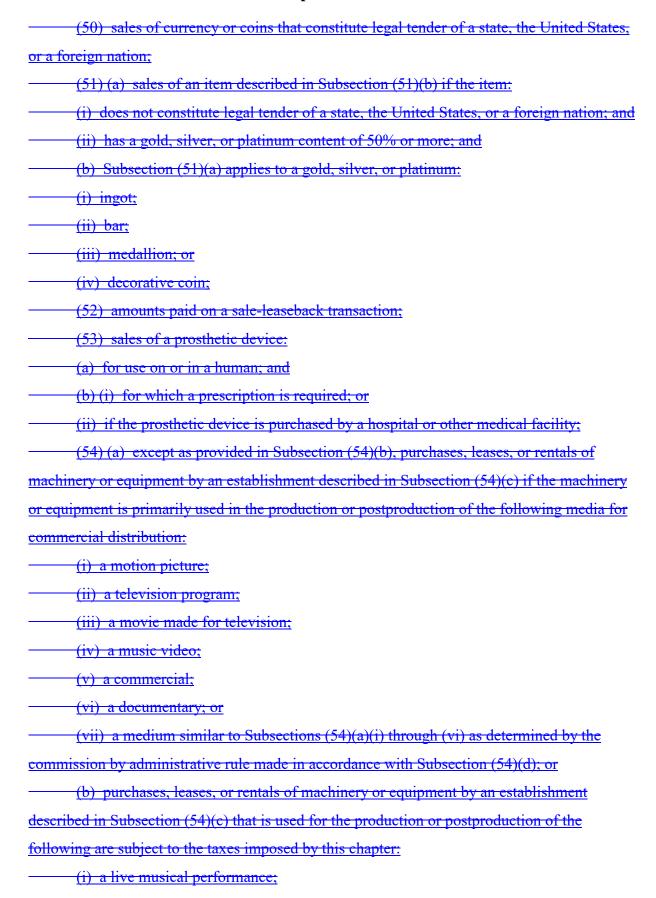
outside of this state; (b) the exemption provided for in Subsection (24)(a) does not apply to: (i) a lease or rental of a product; or (ii) a sale of a vehicle exempt under Subsection (33); and (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for purposes of Subsection (24)(a), the commission may by rule define what constitutes the following: (i) conducting business in this state if that phrase has the same meaning in this Subsection (24) as in Subsection (63); (ii) the first use of a product if that phrase has the same meaning in this Subsection (24) as in Subsection (63); or (iii) a purpose for which a product is designed if that phrase has the same meaning in this Subsection (24) as in Subsection (63); (25) a product purchased for resale in the regular course of business, either in its original form or as an ingredient or component part of a manufactured or compounded product; (26) a product upon which a sales or use tax was paid to some other state, or one of its subdivisions, except that the state shall be paid any difference between the tax paid and the tax imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax Act; (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a person for use in compounding a service taxable under the subsections; (28) purchases made in accordance with the special supplemental nutrition program for women, infants, and children established in 42 U.S.C. Sec. 1786; (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of the President, Office of Management and Budget; (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard motor is:

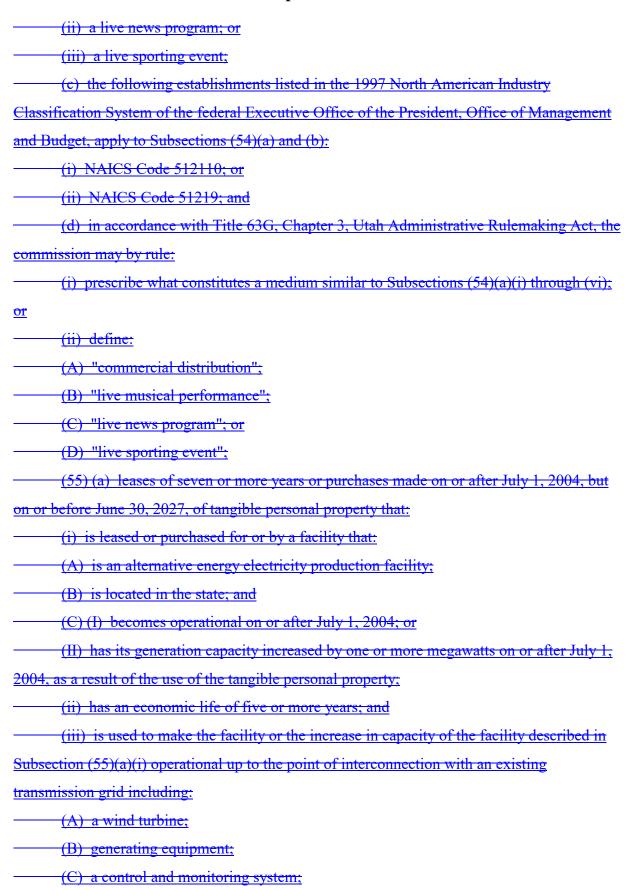
(a) not registered in this state; and

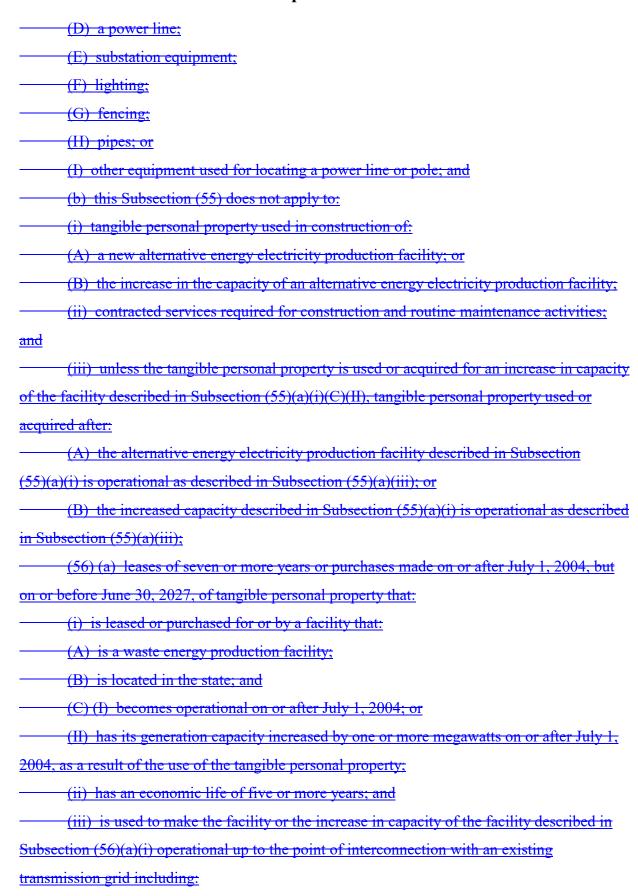


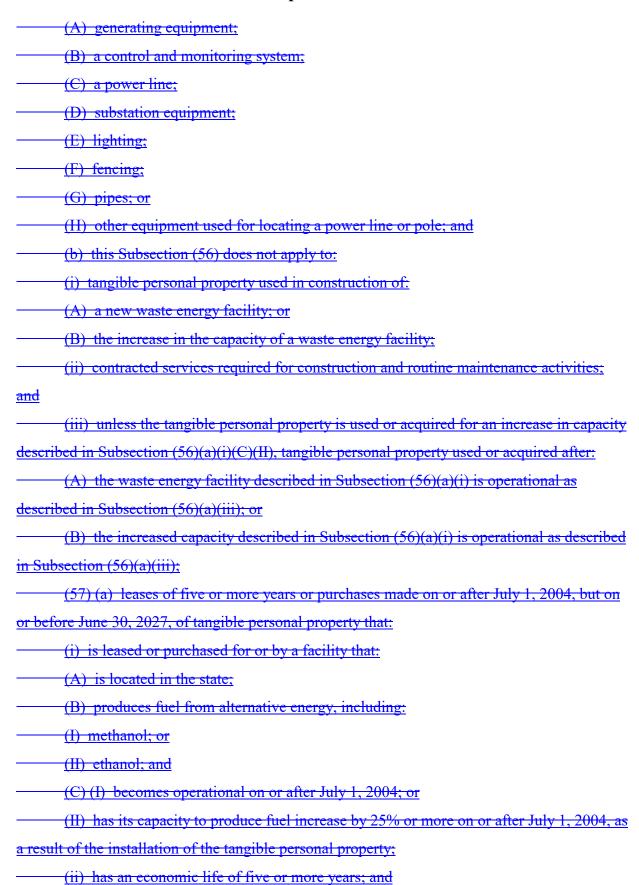


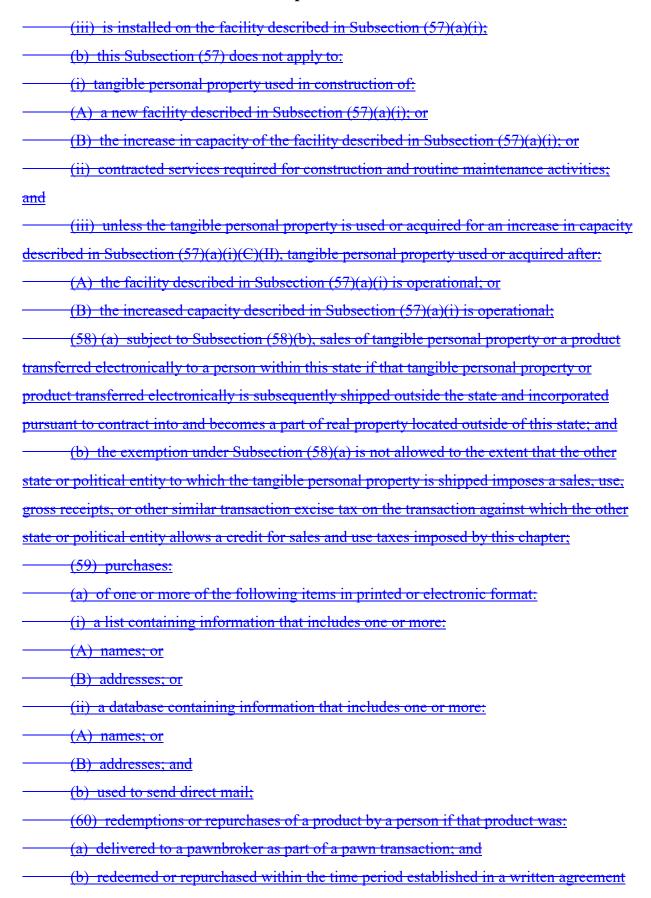


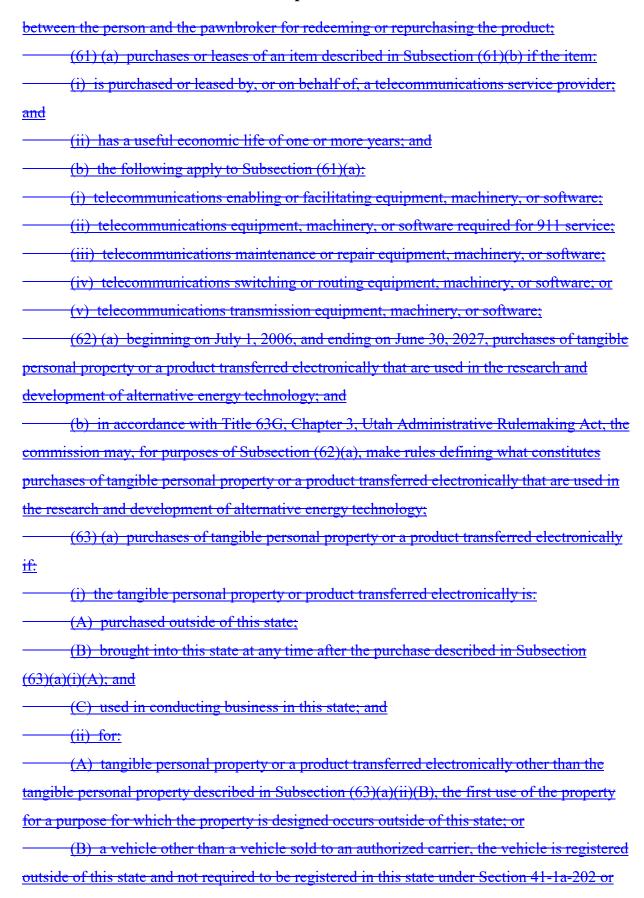


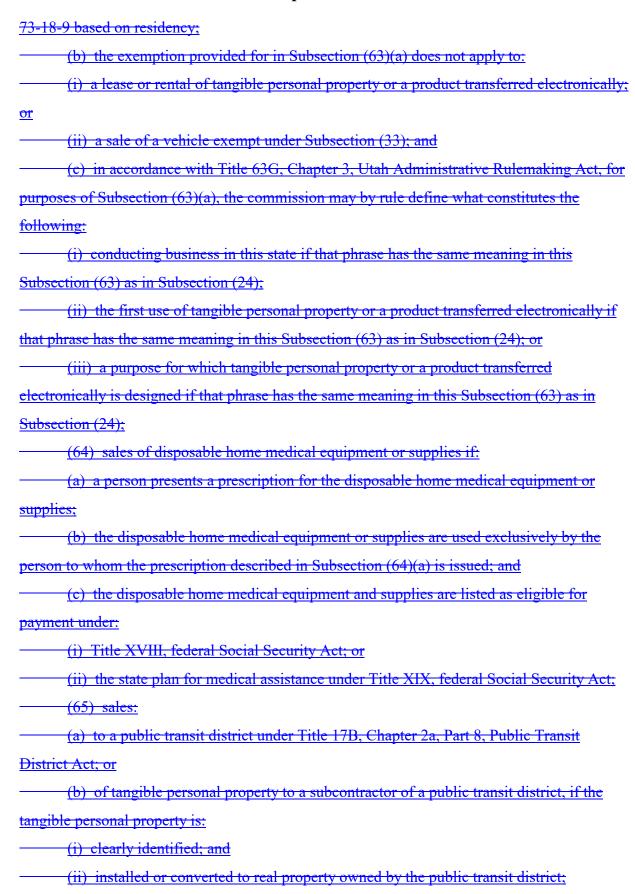










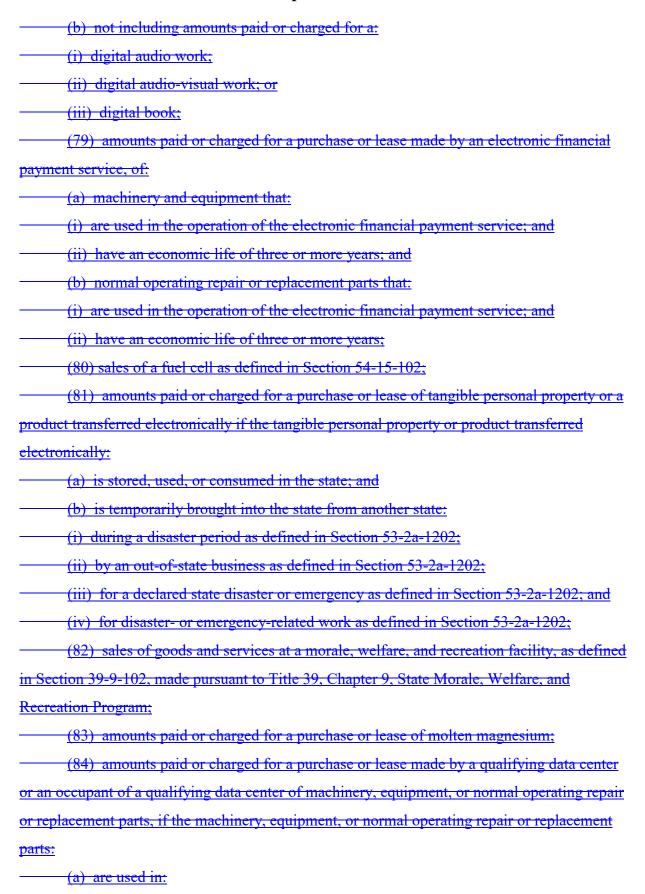


(66) sales of construction materials:
(a) purchased on or after July 1, 2010;
(b) purchased by, on behalf of, or for the benefit of an international airport:
(i) located within a county of the first class; and
(ii) that has a United States customs office on its premises; and
(c) if the construction materials are:
(i) clearly identified;
(ii) segregated; and
(iii) installed or converted to real property:
(A) owned or operated by the international airport described in Subsection (66)(b); and
(B) located at the international airport described in Subsection (66)(b);
(67) sales of construction materials:
(a) purchased on or after July 1, 2008;
(b) purchased by, on behalf of, or for the benefit of a new airport:
(i) located within a county of the second class; and
(ii) that is owned or operated by a city in which an airline as defined in Section
59-2-102 is headquartered; and
(c) if the construction materials are:
(i) clearly identified;
(ii) segregated; and
(iii) installed or converted to real property:
(A) owned or operated by the new airport described in Subsection (67)(b);
(B) located at the new airport described in Subsection (67)(b); and
(C) as part of the construction of the new airport described in Subsection (67)(b);
(68) except for the tax imposed by Subsection 59-12-103(2)(d), sales of fuel to a
common carrier that is a railroad for use in a locomotive engine;
(69) purchases and sales described in Section 63H-4-111;
(70) (a) sales of tangible personal property to an aircraft maintenance, repair, and
overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of
a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
lists a state or country other than this state as the location of registry of the fixed wing turbine

powered aircraft; or

(b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of
a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
lists a state or country other than this state as the location of registry of the fixed wing turbine
powered aircraft;
(71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:
(a) to a person admitted to an institution of higher education; and
(b) by a seller, other than a bookstore owned by an institution of higher education, if
51% or more of that seller's sales revenue for the previous calendar quarter are sales of a
textbook for a higher education course;
(72) a license fee or tax a municipality imposes in accordance with Subsection
10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced
level of municipal services;
(73) amounts paid or charged for construction materials used in the construction of a
new or expanding life science research and development facility in the state, if the construction
materials are:
(a) clearly identified;
(b) segregated; and
(c) installed or converted to real property;
(74) amounts paid or charged for:
(a) a purchase or lease of machinery and equipment that:
(i) are used in performing qualified research:
(A) as defined in Section 41(d), Internal Revenue Code; and
(B) in the state; and
(ii) have an economic life of three or more years; and
(ii) have an economic life of three or more years; and
(ii) have an economic life of three or more years; and (b) normal operating repair or replacement parts:
(ii) have an economic life of three or more years; and (b) normal operating repair or replacement parts: (i) for the machinery and equipment described in Subsection (74)(a); and

(a) for a sale:
(i) the ownership of the seller and the ownership of the purchaser are identical; and
(ii) the seller or the purchaser paid a tax under this chapter on the purchase of that
tangible personal property prior to making the sale; or
(b) for a lease:
(i) the ownership of the lessor and the ownership of the lessee are identical; and
(ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible
personal property prior to making the lease;
(76) (a) purchases of machinery or equipment if:
(i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,
Gambling, and Recreation Industries, of the 2012 North American Industry Classification
System of the federal Executive Office of the President, Office of Management and Budget;
(ii) the machinery or equipment:
(A) has an economic life of three or more years; and
(B) is used by one or more persons who pay admission or user fees described in
Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and
(iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
(A) amounts paid or charged as admission or user fees described in Subsection
59-12-103(1)(f); and
(B) subject to taxation under this chapter; and
(b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
commission may make rules for verifying that 51% of a purchaser's sales revenue for the
previous calendar quarter is:
(i) amounts paid or charged as admission or user fees described in Subsection
59-12-103(1)(f); and
(ii) subject to taxation under this chapter;
(77) purchases of a short-term lodging consumable by a business that provides
accommodations and services described in Subsection 59-12-103(1)(i);
(78) amounts paid or charged to access a database:
(a) if the primary purpose for accessing the database is to view or retrieve information
from the database; and



- 31 -

(i) the operation of the qualifying data center; or (ii) the occupant's operations in the qualifying data center; and (b) have an economic life of one or more years; (85) sales of cleaning or washing of a vehicle, except for cleaning or washing of a vehicle that includes cleaning or washing of the interior of the vehicle; (86) amounts paid or charged for a purchase or lease of machinery, equipment, normal operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or supplies used or consumed: (a) by a refiner who owns, leases, operates, controls, or supervises a refinery as defined in Section 79-6-701 located in the state; (b) if the machinery, equipment, normal operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or supplies are used or consumed in: (i) the production process to produce gasoline or diesel fuel, or at which blendstock is added to gasoline or diesel fuel; (ii) research and development: (iii) transporting, storing, or managing raw materials, work in process, finished products, and waste materials produced from refining gasoline or diesel fuel, or adding blendstock to gasoline or diesel fuel; (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in refining; or (v) preventing, controlling, or reducing pollutants from refining; and (c) if the person holds a valid refiner tax exemption certification as defined in Section 79-6-701; (87) amounts paid to or charged by a proprietor for accommodations and services, as defined in Section 63H-1-205, if the proprietor is subject to the MIDA accommodations tax imposed under Section 63H-1-205; (88) amounts paid or charged for a purchase or lease of machinery, equipment, normal operating repair or replacement parts, or materials, except for office equipment or office supplies, by an establishment, as the commission defines that term in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, that: (a) is described in NAICS Code 621511, Medical Laboratories, of the 2017 North

Afficited industry Classification System of the federal Executive Office of the Fresident,
Office of Management and Budget;
(b) is located in this state; and
(c) uses the machinery, equipment, normal operating repair or replacement parts, or
materials in the operation of the establishment; [and]
(89) amounts paid or charged for an item exempt under Section 59-12-104.10[.];
(90) amounts paid by the service provider for tangible personal property, other than
machinery, equipment, parts, office supplies, electricity, gas, heat, steam, or other fuels, that:
(a) is consumed in the performance of a service, to one or more customers, and is
subject to tax under Subsection 59-12-103(1)(b), (f), (g), (h), (i), or (j);
(b) has to be consumed for the service provider to provide the service described in
Subsection (90)(a); and
(c) will be consumed in the performance of the service described in Subsection (90)(a)
to the point that the tangible personal property disappears or cannot be used for any other
purpose; and
(91) amounts paid or charged for tangible personal property that is used or consumed
primarily in the production or development of computer software that is subject to tax under
Section 59-12-103.
Section 6. Effective date.
(1) Except as provided in Subsections (2) and (3), this bill takes effect on May 4, 2022
(2) The changes to Section 59-12-104 take effect on July 1, 2022.
(3) The changes to Section 59-2-1115 take effect on January 1, 2023.
†qualifying claimant's tax liability.
Section 7. Retrospective {operation} Operation.
{The changes to the following sections have} This bill has retrospective operation for a
taxable year beginning on or after January 1, 2022 :
(1) Section 59-7-104;
(2) Section 59-7-201; and
(3) Section 59-10-104}.